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Submission

to the

Executive Council

of the

Government of the Province

of Alberta

on the subject of the

Food Industry

presented at

Edmonton, Alberta

September 13, 1973

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Edmonton Boycott Kraft Committee

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We appreciate this opportunity of meeting with you to represent the concern of a large and growing number of people. The two general problems we wish to discuss here are:

1. the depletion of rural Alberta;
2. the spiralling cost of living.

Our petition is as follows:

> We, the undersigned, are in full support of the N.F.U. initiated boycott of all Kraft products. Monopoloid agri-business processors, such as Kraft, are dictating the price the farmer receives for his product and, by managing supply, are forcing up food prices to the consumer. The government must take a strong stand on rising food prices, support the attempts of the farmer to protect the family farm by passing enabling legislation for certification requested by the N.F.U., and respect the Kraft boycott by ceasing to purchase Kraft products for use in all provincial institutions until a settlement is reached with Kraft.

The signatories of this petition are the officers of the following groups and associations which have already formally endorsed the boycott, representing a total membership of approximately 50,000 people: Edmonton and District Labor Council, PORC (Protest Outrageous Rising Costs), Alberta New Democratic Party, Local 15 L.C.U.C. (Letter Carriers Union of Canada), N.A.I.T.S.A. (Northern Alberta Institute of Technology Students Association), G.M.C.C.S (Grant MacEwan Community College Students Association), A.N.C.S. (Alberta Native Communication Society), Poundmaker (Edmonton's Alternative Newspaper), Bullrush (Newspaper of the High School students of Edmonton), On Our Way (Womens' Newspaper), Woodsworth-Irvine Fellowship, S.T.O.P. (Save Tommrrow Oppose Pollution), Edmonton Branch Voice of Women, Incredible Edibles Food Cooperative, Free University North, Womens' Program Centre University of Alberta, Campus Cooperative Housing Association, Sack Foods Cooperative Limited, Student Christian Movement, Civil Service Association of Alberta, Canadian Union of Public Employees.

It has frequently been argued that to receive modern benefits of economics of scale here in Canada, corporations of monopoly and near monopoly size in the relatively small Canadian market are required. This argument falsely assumes a compatibility between monopoly power and consumer benefits. Food processing profits in the first three months of 1973 were up 54% over profits of the year before. Canadian corporations in total had profits up 30% in the same period. Competition now occurs between huge corporations and the public.

Both the farmer and the consumer share a similar disadvantage--a lack of power in the modern marketplace.

For example, in the case of food, the stages of the food chain between the farmer and consumer have now by and large assumed a concentrated structure of vertically integrated monopolies and oligopolies. A few huge corporations are presently benefiting and further extending themselves because they are enjoying a decentered market of primary inputs--farm products priced by the traditional auction methods, and outputs--the non-organized purchasing practises of consumers. Many of these corporations are multinational and supranational in scope.

While there are a few exceptions in Canada, on the whole farm products marketing boards and commissions have basically failed in altering the traditional auction concept in the pricing of farm products. Agribusiness monopolies and oligopolies have used their ability to manage supply to in turn administer prices.

Kraftco is one of the largest food marketing corporations in the world. They dominate the cheese market in North America. From their near monopoly position Kraft controls the price both to the consumer and the producer.

By cutting across and extending beyond political boundaries, there is no effective political institution of equal size to regulate their world behavior. Consequently, the multinational corporations, such as Kraft, play off province against province and country against country, establishing themselves only in those situations where they can obtain conditions most advantageous to their profits. Provincial governments must decide whether to comply with the demands of these international institutions or to regulate their behavior for the longterm welfare of the majority of citizens within the provincial jurisdiction.

Taxpayers were forced to subsidize the Kraftco plant at Ingleside, Ontario to the tune of $250,000 in the form of an interest-free, forgiveable government loan. On the other hand, the small and usually cooperatively owned cheese plants in Ontario have had their milk supply taken from them by a quota system, introduced and managed by the Ontario Milk Marketing Board, and transferred to outfits like Kraftco.

The OMMB manages the assembly and delivery of milk to industrial plants in Ontario. It is elected by producers, but operates under the OMC, and acts as an agent of the Ontario government. The OMMB does not submit any of the decisions it makes to Ontario milk producers for ratification. In fact, its decisions are submitted to the government appointed Ontario Milk Commission that can veto all of them. The producers, therefore, have

no choice but to accept OMMB rulings which are really made by the OMC. The OMC, we believe, responds more to the demands of the processors such as Kraftco than to the needs of the farmer.

Fairly recently, Kraft attempted to set up a rape-seed refinery in Manitoba. Kraft placed the condition on their investment that, before they would commit themselves to the refinery in Manitoba, the Manitoba government had to guarantee the operation a 15% profit margin. However, the Manitoba government turned them down.

The size of corporations such as Kraftco is such that they control tremendous amounts of capital, thereby heavily influencing patterns of capital investment. By doing business here over time they soak up significant quantities of our domestic capital investment funds. But, having no national loyalties, this investment capital becomes bait to be used by the large corporation in soliciting their own private advantages from the governments of other countries. Of the $12.2 billion used by foreign corporations to expand in Canada between 1960 and 1967, 44% was provided by government through capital consumption allowances and a further 4.3% through deletion allowances. This creates direct problems relating to regulation of growth and resource involvement.

The use of the hard earned tax dollars of Canadian working people to baby international millionaires is not acceptable. It is our feeling that corporations such as Kraft have been expecting and getting red carpet treatment for far too long. We are no longer content to wait hat in hand for the pittance in public benefits that they begrudge us.

In the summer of 1971, the National Farmers Union approached Kraftco and two other dairy corporations for a meeting to discuss matters of mutual concern including the marketing of milk in Ontario and possible alternatives. The other corporations agreed to such a meeting but Kraft arrogantly turned the farmers down. Thus a boycott was placed on their products, designed to put pressure on Kraftco to bring them to a meeting with top officers of the N.F.U., to discuss questions of mutual concern including procedures which would give farmers collective bargaining rights.

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Boycotts are an important tool, we feel, in regaining an equitable power relation between large, multinational corporations and the Canadian farmers and consumers with whom which they deal.

As a substantial consumer of food products, we are offering the Government of the Province of Alberta this mandate and invitation to join and support the Kraft boycott by ceasing to purchase Kraft products for use in all provincial institutions until a settlement is reached with Kraft. Our petition also makes clear that we wish you to actively support and encourage the National Farmers Union in their attempts to defend the family farm by passing the permissive legislation for collective bargaining requested by the NFU.

All of which is respectfully submitted by

THE EDMONTON BOYCOTT KRAFT COMMITTEE